

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7010
COMPANY NAME : GRAND HOOVER BERHAD
FINANCIAL YEAR : June 30, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the stewardship and oversight on management and operations of the Company and its subsidiaries ("Group") by providing leadership and setting strategic aims of the Group that will ensure the necessary resources are in place for the Group to meet its objective, as well as achieving the long-term sustainability.</p> <p>The Board has delegated certain functions to Board Committees, namely Audit Committee, Nomination Committee, and Remuneration Committee.</p> <p>The Board's roles and responsibilities are set out in the Board Charter. The roles and responsibilities of the Board Committees in discharging their functions are set out in each respective Board Committees' Terms of Reference.</p> <p>The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing day-to-day operations, as well as coordinating the development and implementation of business and corporate strategies.</p> <p>In view of the challenges and lacklustre financial performance of the Group's existing trading business, the Board has sought the shareholders' approval at an Extraordinary General Meeting to revive the construction business and property development business as the Group's core businesses by leveraging on the experience, track record and industry know-how of the Executive Directors, which is expected to expand the Group's revenue stream and earnings base moving forward.</p> <p>The Audit Committee has reviewed the financial performance and subsequently tabled it to the Board for discussion. The Board has also</p>

	<p>commented on the improvements and changes needed to ensure that the necessary resources are in place for the Company to meet its objectives. The Management's performances were also evaluated based on the efforts and initiatives to ensure the Group's long-term business sustainability.</p> <p>The Board had established the following policies, serves as a guide to strengthen the governance of the Company: -</p> <ul style="list-style-type: none"> - Board Charter; - Remuneration Policy; - Corporate Disclosure Policy; - Code of Ethics and Conduct; - Anti-Corruption and Bribery Policy; - Whistleblowing Policy; and - Limit of Authority Policy. <p>Nevertheless, the Board also leads the role of ensuring integrity in the Group's corporate reporting on both financial and non-financial information to harness a meaningful communication relationship with all stakeholders.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>On 18 March 2021, the Company had a change in its Board leadership with the appointment of Dato' Abd Rahim bin Jaafar as the new Chairman of the Board, following the resignation of Tuan Hj Basar bin Juraimi.</p> <p>The roles and responsibilities of the Chairman are clearly stipulated in the Board Charter.</p> <p>The Chairman engages with the Board members and Management to oversee and ensure that they discharge and perform their responsibilities effectively.</p> <p>The Chairman leads in Board meetings and discussions by encouraging active participation and allowing dissenting views to be freely expressed during the Board deliberations. At the end of each Agenda item, the Chairman summarises the views, consensus, position, and decision taken by virtue of the Board meeting procedures.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the Group Managing Director are held by different individuals.</p> <p>Dato' Abd Rahim bin Jaafar is the Executive Chairman and is responsible for the Board's leadership, effectiveness and governance.</p> <p>Mr. Teo Swee Phin is the Group Managing Director and is responsible for the day-to-day business management and implementation of the Board's policies and decisions.</p> <p>The separate roles of the Chairman and the Group Managing Director ensure that there is a balance of power and authority as no one individual has unfettered decision-making powers.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a Company Secretary who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretary is responsible for providing the Directors with advice on compliance and corporate governance issues.</p> <p>The Board is regularly updated by the Company Secretary on new changes to the statutory and regulatory requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.</p> <p>The Company Secretary attends the Board and Board Committees meetings and ensures the meetings are properly convened and deliberations at those meetings are well captured and minuted. In addition, all Directors have access to the Company Secretary's advice and services in carrying out their duties.</p> <p>The Company Secretary also undertakes the statutory duties as prescribed under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>An annual meeting calendar is prepared and circulated in advance to facilitate the Directors' schedule and preparation for the meetings.</p> <p>Timely circulation of the board papers comprises the notice of meeting, agenda items, reports, and papers, to the Board members prior to the meetings. This is to accord sufficient time for the Directors to peruse the Board papers and to seek clarification and/or further information, where necessary, to be adequately informed before the meetings.</p> <p>All deliberations and decisions at the Board and/or Board Committee meetings are properly recorded in the minutes, including matters where the Directors abstained from deliberation and/or voting. In addition, the action items identified and highlighted during the meetings would be conveyed to the Management for their attention and action.</p> <p>The minutes of the Board and/or Board Committee meetings would be distributed to the Board members on a timely basis for review and thereafter for confirmation at the next meeting. The minutes are to be signed by the respective Chairman of the meetings as a correct record of the meeting's proceedings and entered in the minutes books kept and maintained at the Company's registered office.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter clearly defines the respective roles, responsibilities, and authorities of the Board, Chairman, Group Managing Director, individual Directors, and the Company Secretary. The Board Charter also stipulates the matters that are reserved for the Board’s deliberation and decision.</p> <p>The Board Charter is subject to review from time to time to ensure it remains consistent with the Board’s objectives, current laws/regulations, and good governance practices.</p> <p>The Board Charter is available at the Company’s corporate website at www.hoover.com.my.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Code of Ethics and Conduct for the Group's Directors, Management, and employees, which governs the underlying core ethical values and commitment to lay integrity standards, transparency, accountability, and corporate social responsibility in their behaviour and business dealings.</p> <p>The Code of Ethics and Conduct covers the following salient areas:-</p> <ul style="list-style-type: none">- Conflicts of Interest;- Confidential Information;- Inside Information and Securities Trading;- Protection of Assets and Funds;- Business Records and Control;- Compliance with the Law;- Personal Gifting;- Health and Safety;- Sexual Harassment;- Outside Interest;- Fair and Courteous Behaviour; and- Misconduct. <p>The Code of Ethics and Conduct is available at the Company's corporate website at www.hoover.com.my.</p> <p>Nonetheless, the Company has adopted an Anti-Corruption and Bribery Policy in line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to prohibit bribery and corruption in the business conduct within the Group.</p> <p>The Anti-Corruption and Bribery Policy is available at the Company's corporate website at www.hoover.com.my.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a Whistleblowing Policy that provides guidelines for reporting and investigating any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste, and/or abuse.</p> <p>Such misconducts may be reported in writing directly to the Audit Committee Chairman at corporate@hoover.com.my or the Internal Auditors at chua@samco.com.my.</p> <p>The Whistleblowing Policy is available at the Company's corporate website at www.hoover.com.my.</p> <p>The Board will review the Whistleblowing Policy from time to time, as and when necessary, to accommodate the change in a business environment, administrative, operational needs within the Group and ensure compliance with the legislation.</p> <p>During the financial year ended 30 June 2021, there were no cases reported to the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently has eight (8) members, comprising four (4) Independent Non-Executive Directors and four (4) Executive Directors</p> <p>All four (4) Independent Non-Executive Directors satisfy the definition of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Having assessed the Directors’ independence, the Board is satisfied with their level of independence demonstrated and their ability to act in the Company’s best interests.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background, and ethnicity and recognises the benefits of diversity at the leadership and employee level. Having a range of diversity dimensions brings different perspectives to the boardroom and various levels of Management within the Group.</p> <p>The Nomination Committee is responsible for leading the process for nominating new Board appointments and making the necessary recommendations. In this respect, the role of the Nomination Committee is detailed in its Terms of Reference, which is available at the Company's corporate website at www.hoover.com.my.</p> <p>In making its recommendations to the Board, the Nomination Committee considers the following attributes of candidates:</p> <ul style="list-style-type: none">- Qualification;- Skills, knowledge, expertise, and experience;- Professionalism and integrity; and- Competencies, commitment, contribution, and performance.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board does not have a specific policy on gender, ethnicity, and age group for candidates to be appointed to the Board and does not have a specific policy on setting a target for female candidates in the workforce.</p> <p>The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity, and age group diversity policy. The Company is committed to providing fair and equal opportunities and nurturing diversity within the Company.</p> <p>In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates based on the candidates' competencies, skills, character, time commitment, knowledge, experience, and other qualities in meeting the Company's needs and with due regard for the benefits of diversity on the Board.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>In identifying new Board members, the Board considers recommendations for candidates from existing Board members, Management, major shareholders, or independent sources. Although the selection/identification of candidates for appointment as Directors was solely based on recommendations from existing Board members, Management or major shareholders, the Board decisions are still made objectively in the Company's best interests taking into account the current Board members' diverse skills, expertise, experience, and perspectives.</p> <p>During the financial year, the Company has appointed the following Directors based on the major shareholder's recommendation: -</p> <ul style="list-style-type: none">- Dato' Abd Rahim bin Jaafar;- Teo Swee Leng;- Teo Swee Phin;- Tuan Sr. Hj. Mohd Farid bin Naim;- Dato' Mahamed bin Hussain;- Datuk Ir. Ruslan bin Abdul Aziz;- Dato' Paul Lim Tau Ern; and- Toh Seng Thong.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Dato’ Mahamed bin Hussain who is an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee conducted the annual Board Effectiveness Evaluation (BEE) process in respect of the financial year ended 30 June 2021, covering the Board, Board Committees, and individual Directors, including Independent Directors.</p> <p>The BEE for the financial year ended 30 June 2021 was conducted internally and facilitated by the Company Secretary. The BEE was conducted using questionnaires administered by the Company Secretary, which employ a self and peer rating assessment model.</p> <p>The Nomination Committee reviewed the BEE's results and shared the outcome with the Board. The Board agreed on the action points moving forward.</p> <p>Upon conclusion of the BEE, the Nomination Committee and the Board are satisfied that the Board and Board Committees' composition is appropriate with a good mix of skills and core competencies to discharge their duties and responsibilities and meet the Group's business needs.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place policies and procedures to determine the Directors' remuneration. The Remuneration Policy has taken into account the Company's demands, complexities, and performance as well as the Directors' skills and experience required.</p> <p>The respective Remuneration Policy for Executive Directors and Non-Executive Directors is available on the Company's corporate website at www.hoover.com.my.</p> <p>The remuneration's component parts of the Executive Directors are structured so as to link rewards to corporate and individual performance.</p> <p>The Non-Executive Directors' remuneration level is reflected by the experience, responsibilities level, and the remuneration package for similar positions in the market and time commitment required from these Directors.</p> <p>The Directors' remuneration details are disclosed in the Corporate Governance Overview Statement in the Company's Annual Report for the financial year ended 30 June 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Remuneration Committee, which comprises exclusively of Independent Non-Executive Directors and is chaired by Dato' Mahamed bin Hussain.</p> <p>The Remuneration Committee discharges its responsibilities in accordance with its Terms of Reference, among others, reviewing the remuneration packages, reward structure, and fringe benefits applicable to the Board; and making the appropriate recommendations to the Board.</p> <p>The Terms of Reference of Remuneration Committee are available at the Company's corporate website at www.hoover.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the opinion that detailed disclosure of individual Director's remuneration will not have significant effect on the stakeholders' evaluation of the Group's governance. Alternatively, the Board decided to disclose the Directors' remuneration in bands instead of on a named basis in accordance to the requirement of Paragraph 11, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Directors' remuneration details are disclosed in the Corporate Governance Overview Statement in the Company's Annual Report for the financial year ended 30 June 2021.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	There were no senior management employed by the Company during the financial year ended 30 June 2021.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee, Dato' Mahamed bin Hussain, is an Independent Non-Executive Director and is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the Terms of Reference of Audit Committee in place, which includes the requirement that any former key audit partner shall have a cooling-off period of at least two (2) years before being appointed as an Audit Committee member.</p> <p>Presently, none of the Audit Committee members were former key audit partners of any external audit firms.</p> <p>The Terms of Reference of Audit Committee are available at the Company's corporate website at www.hoover.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The external audit function under the Audit Committee's purview is essential for all shareholders in ensuring the reliability of the Group's financial statements. Accordingly, the Board maintains a formal and transparent professional relationship with the Group's independent External Auditors via the Audit Committee.</p> <p>The Audit Committee is tasked with the annual assessment process on the External Auditors' performance, quality, independence, objective, and professionalism.</p> <p>During the financial year ended 30 June 2021, the Audit Committee assessed the External Auditors' suitability and independence. The Audit Committee also reviewed the External Auditors' independence and the level of non-audit services rendered by the External Auditors.</p> <p>Based on the evaluation's results, the Audit Committee is satisfied with the External Auditors' performance, adequacy of experience, resources, and professional staff assigned to the Group's audit. Accordingly, the Board has accepted the Audit Committee's recommendation on the re-appointment of Messrs. Moore Stephens Associates PLT as the Company's External Auditors for the ensuing financial year in the Company's forthcoming Fiftieth Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises solely of Independent Non-Executive Directors. Thus, there is a strong and independent element to provide adequate oversight to function effectively and exercise objective judgements independently.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee members collectively possess the accounting and related financial management expertise and experience required for the Audit Committee to discharge its responsibilities and assist the Board in its oversight over Management in the design, implementation, and monitoring of risk management and internal control systems.</p> <p>The individual Audit Committee members’ qualifications and experience are disclosed in the Profile of Board of Directors in the Company’s Annual Report for the financial year ended 30 June 2021.</p> <p>The Audit Committee members attend training and courses to keep them updated on the developments on financial standards. In addition, updates and developments in the Companies Act 2016, new Financial Reporting Standards (FRS), and Malaysian Accounting Standards Board (MASB) Accounting Standards and Interpretations are presented in the annual Audit Planning Memorandum by the External Auditors at Audit Committee meetings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.</p> <p>The Audit Committee is tasked with assessing the Group's internal control environment to determine the adequacy and effectiveness of the system of internal controls put in place by Management. The review covers the financial, operational, and compliance controls.</p> <p>The Company has appointed outsourced Internal Auditors, Messrs. Sam & Co., as an integral part of the control structure and risk management framework of the Group.</p> <p>The Group's risk management and internal control framework details are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report for the financial year ended 30 June 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that having effective risk management and a system of internal controls is an essential part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework that allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group's business objectives.</p> <p>The Board is assisted by the Audit Committee, the Internal Auditors, and Management in identifying, approving, and implementing policies and procedures on risk management and internal control.</p> <p>The Group's internal control system, by its nature, is designed to provide reasonable but not absolute assurance against the risk of material errors, misstatement, fraud, or losses occurring.</p> <p>The Group's outsourced internal audit function is tasked to independently review the existing systems, controls, and procedures and provide recommendations that would further enhance the internal controls.</p> <p>Based on the audits, the outsourced Internal Auditors provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance by the units with the Group's established policies and procedures.</p> <p>The key features of the Group's risk management framework and internal control system are disclosed in the Statement on Risk Management and Internal Control in the Company's Annual Report for the financial year ended 30 June 2021.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is supported by an outsourced independent professional service provider, Messrs. Sam & Co., to assist the Audit Committee and Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations.</p> <p>The Audit Committee approves their audit plan and monitors the implementation progress of their audit recommendations upon completion.</p> <p>The internal audit function provides the Board reasonable assurance of the effectiveness of the internal control systems in the Group.</p> <p>The details and summary of work of the internal audit function are further disclosed in the Audit Committee Report in the Company's Annual Report for the financial year ended 30 June 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit function to an independent professional services firm, Messrs. Sam & Co., which reports directly to the Audit Committee.</p> <p>The engagement team from Messrs. Sam & Co. is headed by Ms. Sam Yop Pong, a Fellow Member of the Association of Chartered Certified Accountants and a Member of the Malaysian Institute of Accountants, the Institute of Internal Auditors Malaysia, and the Chartered Tax Institute of Malaysia.</p> <p>The Audit Committee evaluated and reviewed the internal audit function and was satisfied that the internal audit activities or audit plans were carried out according to the recognised framework, including the Standards in the International Professional Practices Framework issued by the Institute of Internal Auditors.</p> <p>The Audit Committee also received assurance from the outsourced Internal Auditors that all assigned engagement team personnel remain independent, objective, and free from any relationships or conflicts of interest in carrying out their internal audit duties throughout the engagement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of timely and high-quality disclosure as a key component to uphold the principles and best practices of corporate governance for the Group.</p> <p>In this respect, the Company keeps shareholders informed via announcements and timely release of quarterly financial reports, annual reports, and circulars to shareholders.</p> <p>The Company also has put in place a Corporate Disclosure Policy to promote comprehensive, accurate, and timely disclosure pertaining to the Group's matters to the regulators, shareholders, and stakeholders.</p> <p>Nevertheless, the Annual General Meeting is the principal forum of dialogue with the Company's shareholders. It provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and better understand the Group's activities and performance.</p> <p>Lastly, the Company has created an investor relation section on the Company's corporate website at www.hoover.com.my, which is accessible to the public.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not categorised as "Large companies". Hence, it is not required to adopt integrated reporting based on a globally recognised framework.	
		The corporate information is disseminated via the Company's website, and announcements are published on Bursa Malaysia Securities Berhad's website.	
		Presently, the Board believes that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.	
		The current Annual Report provides stakeholders with a fairly comprehensive overview of the Company's financial and non-financial information, including future prospects. Components such as the Management and Discussion Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, and Sustainability Statement form an integral part of the non-financial information. Once the level of maturity of non-financial reporting practices is adequate and able to comply with globally recognised integrated reporting standards, the Company will implement this in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The Notice of the Forty-Ninth Annual General Meeting was issued on 30 October 2020, which is more than twenty-eight (28) days prior to the Annual General Meeting scheduled on 24 December 2020. This ensures that shareholders are given sufficient time to read and consider the resolutions to be resolved.</p> <p>The Notice of the Company's forthcoming Fiftieth Annual General Meeting scheduled to be held on 28 December 2021 is given to the shareholders on 29 October 2021, which is more than twenty-eight (28) days before the date of the Annual General Meeting. The same practice will apply to the Company's future Annual General Meetings.</p> <p>The Notice of Annual General Meeting also provides further explanation for the resolutions proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors attended the Company’s Forty-Ninth Annual General Meeting held on 24 December 2020. In addition, the Chairman of the Audit Committee, Nomination Committee, and Remuneration Committee were present during the Annual General Meeting to address questions from the shareholders in respect of matters that fall under the purview of the Board Committees.</p> <p>In addition to the above, the Company’s key senior management and External Auditors have also attended and will continue to attend the Annual General Meeting to respond to the shareholders’ queries.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company's Forty-Ninth Annual General Meeting on 24 December 2020 was conducted physically at Danau Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan.</p> <p>As an alternative practice, those shareholders who are not able to physically present at the meeting venue may appoint a proxy(ies) to attend, participate, speak and vote on his/her behalf.</p> <p>The Company conducted its Extraordinary General Meeting on 5 July 2021 on a fully virtual basis hosted on Securities Services e-Portal at https://sshbs.net.my/ provided by SS E Solutions Sdn. Bhd. The shareholders are allowed to submit the proxy form electronically and attend, participate, and vote remotely via live streaming.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Not Applicable
